

Notes:**Quarterly Report 30th June 2009****1. Accounting Policies**

The interim financial report has been prepared in accordance with the reporting requirements as set out in the Financial Reporting Standards (“FRS”) No. 134 – “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31st December 2008.

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the annual financial statements for the year ended 31st December 2008.

2. Qualification of Preceding Annual Financial Statements

The audit report of the most recent annual financial statements for the year ended 31st December 2008 was not qualified.

3. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the quarter under review.

4. Unusual Items

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the quarter.

5. Material Changes In Estimates

There were no material changes in estimates from either the prior interim period or prior financial years that have a material effect in the current quarter results.

6. Debts and Equity Securities

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities during the quarter under review.

7. Dividend Paid

There was no dividend paid during the financial period under review.

8. Segmental Reporting

No segmental analysis is prepared as the Group is primarily engaged in the manufacturing and sales of tobacco products in Malaysia.

9. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the financial period under review or being brought forward from the previous Annual Financial Statements.

10. Material Events Subsequent To The End of The Period

There are no material events subsequent to the end of the period reported which have not been reflected in the financial period.

11. Changes In The Composition of The Group

There were no changes in the composition of the Group during the quarter under review.

12. Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31st December 2008.

13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30th June 2009 are as follows:

Property, plant and equipment	RM'000
Approved and contracted for	8,464
Approved but not contracted for	7,922

14. Review of Performance

For the quarter under review, the Group registered revenues of RM288.9 million compared with RM262.7 million for the same period last year. Profit before tax in the current quarter was marginally higher at RM40.8 million compared with RM39.6 million for the same period last year. The increase in revenues was attributed to higher cigarette prices offset partially by lower sales volume. Profit before tax was higher, driven by higher cigarette prices and lower marketing expenditure, offset by lower sales volume and lower interest income.

For the cumulative period to 30th June 2009, the Group achieved revenues of RM580.4 million as compared with revenues of RM514.0 million for the corresponding period last year. Profit before tax for the first half-year of 2009 was higher at RM85.7 million as compared with RM81.7 million for the corresponding period last year. The increase in both revenues and profit before tax was mainly driven by the same factors mentioned above.

15. Comparison with Preceding Quarter's Result

For the quarter under review, the Group registered revenues of RM288.9 million and a profit before tax of RM40.8 million as compared to the preceding quarter's revenues of RM291.5 million and profit before tax of RM44.9 million. The decrease in both revenues and profit before tax was attributed to lower sales volume and higher marketing expenditure in the current quarter.

16. Prospects for This Financial Year

In the first half-year ended 30th June 2009, overall tobacco industry volume – as measured by the Confederation of Malaysian Tobacco Manufacturers – declined 11.7% against the same period last year. This decrease was driven in part by the challenging economic conditions, which continues to accelerate the growth of extremely low priced cigarettes and illegal cigarettes. Nevertheless, JT International Berhad managed to improve its performance, strengthening its market share to 18.3% from 17.1% registered during the same period last year (*source: AC Nielsen Retail Audit report*). This growth was driven primarily by Value segment leader Winston, which increased its market share to 9.4% from 8.2% registered during the same period last year.

The operating environment for the tobacco industry is expected to remain very challenging during the second half of 2009. The continued growth of illegal cigarettes will exert further negative pressure on the sales volume of the legitimate cigarette manufacturers. Current estimates are that in early 2009, as many as one in every three cigarette packets sold in Malaysia is illegal. JT International Berhad will continue to work closely with the Government on this very serious issue in order to curb the growth of illegal cigarettes. Notwithstanding, JT International Berhad is encouraged by the increased enforcement by various Government agencies to combat this serious threat, and will continue to cooperate fully with the authorities in this ongoing fight against the illegal cigarette trade.

One of the key factors driving the growth of illegal cigarettes is high taxation, and it is hoped that the Government will take this into account and give due consideration to the tobacco industry's recommendations for a moderate and structured tax increase policy in the future.

Despite the anticipated challenges ahead, JT International Berhad is committed to maintain its competitiveness and to deliver a satisfactory overall performance for the current financial year through continued effective investment behind its global flagship brands: Winston, Mild Seven and Camel.

17. Profit Forecast or Guarantee

There was no profit forecast or profit guarantee made during the financial period under review.

18. Taxation

	Current Quarter		Year To Date	
	RM'000	%	RM'000	%
Profit before taxation	40,781		85,669	
Statutory tax	10,195	25.00	21,417	25.00
Tax effect on non allowable expenses	612	1.50	1,285	1.50
Effective tax	10,807	26.50	22,702	26.50

The effective tax rate of the Group for the quarter was higher than the statutory rate due to non allowable expenses

19. Unquoted Investments and / (or) Properties

There were no sales of unquoted investments or properties during the financial period under review.

20. Quoted Securities and Investments

There were no purchases or disposals of quoted securities during the financial period under review and there were no investments in quoted shares as at the end of the reporting period.

21. Status of Corporate Proposals Announced But Not Completed

There was no corporate proposal announced which was not completed as at the date of this report

22. Group Borrowing and Debt Securities

There were no borrowings and debt securities as at the end of the reporting period.

23. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised for the current financial period to date.

24. Material Litigation

There was no material litigation pending since 31st December 2008.

25. Dividends

The Board of Directors has approved and declared a 1st interim dividend of 15 sen per share less 25% tax (the previous year's corresponding quarter: Nil) in respect of the financial year ending 31st December 2009, payable on 17 September 2009. The entitlement date for the said dividend is 8 September 2009.

A depositor shall qualify for entitlement only in respect of:

- a) Securities transferred into the Depositor's Securities Account before 4:00 p.m. on 8 September 2009 in respect of transfers; and
- b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

26. Earnings Per Share

Earnings per share have been computed based on profit for the period divided by the weighted average number of ordinary shares in issue during the period.

	3 months ended		Year to Date	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Profit for the period (RM'000)	29,974	28,921	62,967	59,672
Weighted average number of ordinary shares in issue ('000)	261,534	261,534	261,534	261,534
Basic earnings per share (sen)	11.5	11.1	24.1	22.8

By Order of the Board
BALRAJ RAMANATHAN
Company Secretary